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CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1330

Introduced by Assembly Member Bloom

February 27, 2015

An act to add Chapter 7 (commencing with Section 8400) to Division 4.1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1330, as amended, Bloom. Energy Efficiency Resource Standard Act.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined, while local publicly owned electric utilities, as defined, and local publicly owned gas utilities are under the direction of their governing boards. The Public Utilities Act requires the Public Utilities Commission to review and accept, modify, or reject a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. The act requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially

achievable cost-effective electricity efficiency savings and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan. The act requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially achievable cost-effective natural gas efficiency savings and to establish efficiency targets for gas corporations to achieve and requires that a gas corporation first meet its unmet resource needs through all available gas efficiency and demand reduction resources that are cost effective, reliable, and feasible.

Existing law requires each local publicly owned electric utility, in procuring energy, to first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. Existing law additionally requires each local publicly owned electric utility to report annually to its customers and to the State Energy Resources Conservation and Development Commission, its investment in energy efficiency and demand reduction programs, which report is to include a description of programs, expenditures, and expected and actual energy savings results. Existing law requires a local publicly owned electric utility to be responsible for implementing an energy efficiency program that recognizes the Legislature's intent to encourage energy savings and greenhouse gas emission reductions in existing residential and nonresidential buildings, and to include in the above-described report, its status in implementing the program.

The existing Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission. Existing law requires the Energy Commission, on or before November 1, 2007, and every 3 years thereafter, in consultation with the Public Utilities Commission and local publicly owned electric utilities, in a public process that allows input from other stakeholders, to develop a statewide estimate of all potentially achievable cost-effective electricity and natural gas efficiency savings and establish statewide annual targets for energy efficiency savings and demand reduction over 10 years.

This bill would enact the Energy Efficiency Resource Standard Act. The Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, would be responsible for supervising the implementation of the act by electrical corporations and gas corporations. The governing board of each local publicly owned electric utility and local publicly owned gas utility, in

consultation with the State Energy Resources Conservation and Development Commission, would be responsible for the implementation of the act by the utility. The governing board of a community choice aggregator that administers energy efficiency programs, as specified, in consultation with the Public Utilities Commission, would be responsible for implementation of the act by that entity. The bill would require the State Energy Resources Conservation and Development Commission, in a public stakeholder engagement process and in consultation with the Public Utilities Commission, to determine how the energy savings goals of the act are measured and reported. The act would require each community choice aggregator that administers energy efficiency programs, electrical utility, and gas utility, as defined, meeting specified energy delivered thresholds, to establish an energy efficiency resource standard that increases the amount of energy efficiency resources, as defined, of the community choice aggregator, electrical *utility*, or gas utility so that the minimum amount of incremental energy savings achieved within its service territory in any given year amounts to not less than specified amounts. The bill would require the State Energy Resources Conservation and Development Commission, in a public stakeholder process and in consultation with the Public Utilities Commission, to adopt a cost limitation, as necessary, for each electrical utility, gas utility, and community choice aggregator for meeting the energy efficiency resource standard. The bill would require the State Energy Resources Conservation and Development Commission to establish ~~an annual percentages of peak demand reductions to be achieved through event-based demand response in consideration of specified matter.~~ *demand response procurement goal, as specified.* The bill would require the Public Utilities Commission to require electrical corporations achieve ~~these~~ *the* annual ~~percentages~~ *procurement goal* and would require the governing board of each local publicly owned electric utility and community choice aggregator subject to the bill's requirements to be responsible for achieving ~~these~~ *the* annual ~~percentages.~~ *procurement goal.* The bill would require that benefits, including energy savings achieved, within disadvantaged communities identified by the California Environmental Protection Agency, as specified, be given the highest priority for energy efficiency activities undertaken pursuant to the bill's requirements. The bill would require each electrical utility and gas utility to annually file with the State Energy Resources Conservation and Development Commission, a report that analyzes the energy savings achieved within the utility's service

territory during the prior year, divided by the energy retail sales in the immediately preceding year.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the Public Utilities Commission is a crime.

Because a violation of an order or decision of the Public Utilities Commission implementing the bill’s requirements with respect to an electrical corporation or gas corporation would be a crime, the bill would impose a state-mandated local program by creating a new crime. By placing additional requirements upon local publicly owned electric and gas utilities, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 7 (commencing with Section 8400) is
2 added to Division 4.1 of the Public Utilities Code, to read:

3

4

CHAPTER 7. ENERGY EFFICIENCY

5

6 8400. (a) This chapter shall be known, and may be cited, as
7 the Energy Efficiency Resource Standard Act.

8 (b) The commission, in consultation with the Energy
9 Commission, shall be responsible for supervising the
10 implementation of this chapter by electrical corporations and gas
11 corporations. The governing board of a community choice
12 aggregator, in consultation with the commission, shall be
13 responsible for implementation of this chapter if the community
14 choice aggregator administers energy efficiency programs for its
15 customers pursuant to Section 381.1.

16 (c) The governing board of each local publicly owned electric
17 utility and local publicly owned gas utility, in consultation with
18 the Energy Commission, shall be responsible for the
19 implementation of this chapter by the utility.

1 (d) The Energy Commission, in consultation with the
2 commission, shall, in a public stakeholder engagement process,
3 determine how the energy savings goals of this chapter are
4 measured and reported.

5 8401. For purposes of this chapter, the following terms have
6 the following meanings:

7 (a) “Electrical utility” means an electrical corporation or local
8 publicly owned electric utility.

9 (b) “Energy efficiency resources” mean activities that reduce
10 demand for energy from supply-side resources.

11 (c) “Energy savings” means a reduction in electricity use in
12 kilowatthours or in fossil fuel use in thermal units.

13 (d) “Gas utility” means a gas corporation or local publicly owned
14 gas utility serving retail end-use customers in California.

15 8402. (a) An electrical utility or community choice aggregator
16 is exempt from the energy efficiency resource standard
17 requirements of this chapter if its average annual retail sales of
18 electricity in the immediately preceding three years was less than
19 or equal to 1,000 gigawatthours. If three years of data are not
20 available, the best data available shall be used to determine if sales
21 exceed this threshold.

22 (b) A gas utility is exempt from the energy efficiency resource
23 standard requirements of this chapter if its average annual retail
24 sales of natural gas in the immediately preceding three years was
25 less than or equal to 50 million therms. If three years of data are
26 not available, the best data available shall be used to determine if
27 sales exceed this threshold.

28 8405. (a) Each electrical utility shall establish an energy
29 efficiency resource standard that shall increase the amount of
30 energy efficiency resources in its service territory, inclusive of all
31 of its energy efficiency activities within its service territory, funded
32 by its customers, with the exception of energy efficiency activities
33 administered by a community choice aggregator within the
34 community choice aggregator’s service territory pursuant to Section
35 381.1, so that the minimum amount of incremental energy savings
36 achieved in any given year amounts to not less than 1 ½ percent
37 of its total retail sales of electricity by 2020, and not less than 2
38 percent of its total annual retail sales of electricity by 2025. The
39 total amount of incremental energy savings shall be determined
40 based upon the average retail sales of electricity in the immediately

1 preceding three years, measured in gigawatthours per year based
2 on annual comparison of the Energy Commission's integrated
3 energy policy reports made pursuant to Section 25302 of the Public
4 Resources Code or a similar public report, excluding the measured
5 or reliably estimated sales of electricity associated with electric
6 vehicle charging and net, round-trip electricity losses associated
7 with electricity consumer-sited energy storage.

8 (b) Each community choice aggregator that elects to administer
9 energy efficiency programs for its customers pursuant to Section
10 381.1 shall establish an energy efficiency resource standard that
11 shall increase the amount of energy efficiency resources in its
12 service territory, inclusive of all of its energy efficiency activities,
13 so that the minimum amount of incremental energy savings
14 achieved in any given year amounts to not less than 1 ½ percent
15 of its total retail sales of electricity by 2020, and not less than 2
16 percent of its total annual retail sales of electricity by 2025. The
17 total amount of incremental energy savings shall be determined
18 based upon the community choice aggregator's average retail sales
19 of electricity of the immediately preceding three years, measured
20 in gigawatthours per year based on comparison of the Energy
21 Commission's integrated energy policy reports made pursuant to
22 Section 25302 of the Public Resources Code or a similar public
23 report, including electricity sales by electric service providers and
24 excluding the measured or reliably estimated sales of electricity
25 associated with electric vehicle charging and net, round-trip
26 electricity losses associated with electricity consumer-sited energy
27 storage. If a community choice aggregator has fewer than three
28 years of retail sales of electricity, the total amount of incremental
29 energy savings shall be determined based on the total annual retail
30 sales of electricity of the immediately preceding year or two.

31 (c) The Energy Commission, in consultation with the
32 commission, in a public stakeholder engagement process, shall
33 adopt a cost limitation, as necessary, for each electric utility and
34 community choice aggregator subject to this chapter for meeting
35 the requirements of this section.

36 8406. (a) By July 31, 2017, the Energy Commission, in
37 consultation with the commission, shall establish ~~annual~~
38 ~~percentages of peak demand reductions~~ *an annual procurement*
39 *goal for demand response* that shall be achieved by each electrical
40 utility and community choice ~~aggregator through~~ *aggregator, as*

1 *appropriate. The demand response procurement goals shall support*
2 *renewable energy integration, greenhouse gas reductions, and*
3 *grid reliability through supply-side event-based demand response*
4 *with consideration of the role of clean technologies, electricity*
5 *consumer-sited energy storage, electric vehicle charging, and*
6 *distributed generation resources, with a timetable for achieving*
7 *those peak demand reductions. resources.*

8 (b) The commission shall require that electrical corporations
9 achieve the annual ~~percentage~~ *procurement goal* established in
10 subdivision (a).

11 (c) The governing board of each local publicly owned electric
12 utility, and community choice aggregator that elects to administer
13 energy efficiency programs for its customers pursuant to Section
14 381.1, shall be responsible for achieving the annual ~~percentage~~
15 *procurement goal* established in subdivision (a).

16 8410. (a) Each gas utility shall establish an energy efficiency
17 resource standard that shall increase the amount of energy
18 efficiency resources, inclusive of all of its energy efficiency
19 activities, of the utility so that the minimum amount of incremental
20 energy savings achieved within its service territory in any given
21 year amounts to not less than three-fourths of 1 percent of its total
22 annual system natural gas retail sales by 2020, and not less than 1
23 percent of its system annual natural gas retail sales by 2025. The
24 total amount of incremental energy savings shall be determined
25 based upon the average retail sales of natural gas within its service
26 territory in the immediately preceding three years, measured in
27 millions of therms per year based on an annual comparison of the
28 Energy Commission's integrated energy policy reports made
29 pursuant to Section 25302 of the Public Resources Code or a
30 similar public report, excluding the measured or reliably estimated
31 sales of natural gas associated with natural gas vehicle fueling
32 during the preceding three years.

33 (b) The Energy Commission, in consultation with the
34 commission, in a public stakeholder engagement process, shall
35 adopt a cost limitation, as necessary for each gas utility subject to
36 this chapter for meeting the requirements of this section.

37 8415. (a) Benefits, including energy savings achieved, within
38 disadvantaged communities, as identified by the California
39 Environmental Protection Agency pursuant to Section 39711 of
40 the Health and Safety Code, shall be given the highest priority for

1 energy efficiency activities undertaken by electrical utilities, gas
2 utilities, and community choice aggregators pursuant to this
3 chapter.

4 (b) The Legislature recognizes that the Energy Savings
5 Assistance Program (ESAP), formerly known as the Low Income
6 Energy Efficiency Program, for low-income households carried
7 out pursuant to Section 2790 provides not only energy benefits,
8 but also non-energy benefits such as health, comfort, and safety
9 benefits, which helps reduce the hardships facing low-income
10 households. The Legislature recognizes the importance of those
11 non-energy benefits. Therefore, nothing in this chapter results in
12 a reduction in energy related services that provide non-energy
13 benefits to low-income households pursuant to ESAP.

14 (c) Each electrical utility and gas utility shall annually file with
15 the Energy Commission, a report that analyzes the energy savings
16 achieved within the utility’s service territory during the prior year,
17 divided by the energy retail sales in the immediately preceding
18 year. An electrical utility is not required to report energy savings
19 achieved by community choice aggregators within its service
20 territory.

21 (d) Each community choice aggregator subject to an energy
22 efficiency resource standard pursuant to this chapter shall annually
23 file with the Energy Commission a report that analyzes the energy
24 savings achieved by the community choice aggregator within its
25 service territory during the prior year, divided by its energy retail
26 sales in the immediately preceding year.

27 SEC. 2. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 a local agency or school district has the authority to levy service
30 charges, fees, or assessments sufficient to pay for the program or
31 level of service mandated by this act or because costs that may be
32 incurred by a local agency or school district will be incurred
33 because this act creates a new crime or infraction, eliminates a
34 crime or infraction, or changes the penalty for a crime or infraction,
35 within the meaning of Section 17556 of the Government Code, or
36 changes the definition of a crime within the meaning of Section 6
37 of Article XIII B of the California Constitution.

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